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May 22, 2019

AMERICAN CINEMATHEQUE
6712 HOLLYWOOD BLVD
LOS ANGELES CA 90028-4605

CT FILE NUMBER: 046012

RE: NOTICE OF INCOMPLETE REPORT for the fiscal year ending 09/30/17

Thank you for your letter of March 22, 2019. The waiver for the required audit for fiscal year end 9/30/17 is still being considered and a decision will be made upon receipt and review of the completed audit for fiscal year end 9/30/18 as well as a review of the below listed requested items. In your letter you stated that the audit for year-end 9/30/18 should be completed by the end of April 2019. Has the 2018 audit been completed? If so please provide a copy. If not, what is the status?

Regarding the fiscal year end 9/30/17, you state in your letter that both Signature Analytics and Green Hasson & Janks advised the board that an audit is impossible. Please provide a copy of all correspondence with Signature Analytics and Green Hasson & Jacks related to the audit for year end 9/30/17. Please provide all board minutes from October 2016 to current.

The IRS form 990 for year end 9/30/17 reports on schedule L two loans from American Cinematheque to board members. One is to Steve Tisch (this may be Steve Tisch Foundation but it is cut off on the form) for \$1.1 million with a balance of \$605,000. The second loan is to James G. Robinso (this is also cut off on the form) for \$2.2 million with a balance of \$1,250,000. Why were these loans made by American Cinematheque? Please provide a narrative disclosing all pertinent facts related to these loans, this includes but is not limited to when these loans were originally made and why, what were the terms of the loans, were the loans secured? Please provide copies of all documents related to these loans, this includes but is not limited to copies of the notes, board minutes reflecting the board's vote to approve the loans, any recorded deeds reflecting the charities secured interest. Please provide a schedule reflecting the payments made on each of these loans covering the three year period 10/1/15 – 9/30/18.

Please send all of the above requested items to:
Office of the Attorney General
300 S. Spring Street
Los Angeles, Ca 90013
Attn: Steve Bauman, Supervising Investigative Auditor

If you have any questions you can reach him at (213) 269-6556

Thanks, Susan.

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on the
Big Screen!

AMERICAN CINEMATHEQUE.COM

6712 Hollywood Blvd, Los Angeles, CA 90028

Via email: RRFI@doj.ca.gov

March 22, 2019

Xavier Becerra
Attorney General
State of California
Department of Justice
Registry of Charitable Trusts
1300 I Street
P.O. Box 903447
Sacramento, CA 903447

RECEIVED
Attorney General's Office

APR 02 2019

Registry of
Charitable Trusts

RE: The American Cinematheque CT File #: 046012

Dear Attorney General Becerra:

I am responding to the letter we received dated February 25, 2019 regarding the Annual Renewal Fee Report for the American Cinematheque and the requirement of an independent audit for the fiscal year ending 9/30/17. On behalf of the Board of Directors of the American Cinematheque, I am requesting a one-time exemption to the audit requirement for the 2017 year.

It came to the Board's attention in May of 2018 that the founder and then Executive Director's (Barbara Smith) health had been failing impacting her day to day oversight of operations. She had terminated a bookkeeper for poor performance and had failed to have the 2017 audit completed in compliance with the deadline. Ms. Smith had engaged Signature Analytics, a third party outsourced operational accounting and finance services firm, in April 2018 to create a professional accounting operation and to prepare for the 9/30/18 audit as well as the 2017 audit. The American Cinematheque also renewed the audit services of Green Hasson & Janks - the audit firm of record for the organization for many years.

Unfortunately, Signature Analytics soon discovered that accounting records for 2017 had not been adequately maintained and many supporting documents had been lost or misplaced. To compound matters, the organization's old accounting software (Sage Peachtree) had become obsolete and subsequently had a catastrophic failure which corrupted and compromised historic data. Ms. Smith had moved the accounting process to Quick Books for the Cinematheque, but this information was insufficient to conduct a proper audit of 2017.

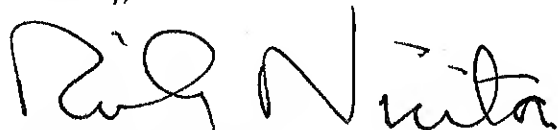
Despite the Board committing considerable resources to reconstructing the financial data without all the necessary documentation, both Signature Analytics and Green Hasson and Janks have advised the Board that it is impossible to complete an audit for the year ending in 9/30/17.

However, I am pleased to inform you that the audit for the year ending in 9/30/18 is well in progress and is expected to be completed by the end of April 2019. The 2018 audit procedures include audit of the beginning balance sheet amounts as of 10/1/17.

The American Cinematheque Board of Directors has taken numerous corrective actions to strengthen the financial oversight of this organization and to insure a lapse in filing will not occur again. We hope that the filing of the 9/30/18 audit well in advance of the June 30, 2019 statutory deadline will demonstrate our commitment to proper oversight and that you will grant our request for a one-time exemption on the 2017 audit. Thank you in advance for your consideration.

If you have any questions, please do not hesitate to call me at (31) 285-7012.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Nicita". The signature is fluid and cursive, with the first name "Rick" and last name "Nicita" clearly distinguishable.

Rick Nicita, Chairman
Board of Directors

cc: Mark Badaglicca, President
Board of Directors